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AUDIT

July 22, 2005

HAYES COUNTY AUDIT

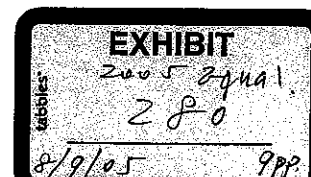
On or before August 1 of each year, the Property Tax Administrator shall certify to the Tax Equalization and Review Commission that any order issued, pursuant to Section 77-5028, of Nebraska Revised Statutes (Reissue 2003), was implemented by the county assessor. On May 3, 2005 the Commission issued the following order to Hayes County:

Order

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED:

1. No adjustment by a percentage by the Commission shall be made to level of assessment for the residential class of real property in the County, or a subclass thereof, for the tax year 2005.
2. No adjustment by a percentage by the Commission shall be made to the level of assessment for the commercial class of real property in the County, or a subclass thereof, for the tax year 2005.
3. The level of assessment for the agricultural land and horticultural land class of real property not subject to special valuation in the County shall be adjusted by a decrease in the amount of 7.97% so that the level of value indicated by the median for the agricultural land and horticultural land class of real property not subject to special valuation will be 77.00%. The ordered adjustment shall be applied only to agricultural land and horticultural land not subject to special valuation whether irrigated, dryland or grassland.
4. These Findings and Orders shall be served on the Property Tax Administrator of the State of Nebraska via personal delivery, the Hayes County Assessor via Certified United States Mail, return receipt requested, the Hayes County Clerk, the Chairperson of the Hayes County Board and the Hayes County Attorney via First Class United States Mail sufficient postage paid, on or before May 16, 2005, as required by Neb. Rev. Stat. §77-5028 (Reissue 2003, as amended by 2005 Neb. Laws, L.B. 263, §13).
5. On or before June 5, 2005, the Hayes County Assessor shall recertify the County Abstract of Assessment to the Property Tax Administrator, which

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Abstract shall reflect that the specified changes have been made as required by Neb. Rev. Stat. §77-5029 (Reissue 2003).

6. The Property Tax Administrator shall audit the records of the Hayes County Assessor to determine whether this Order was implemented, as required by Neb. Rev. Stat. §77-5029 (Reissue 2003).
7. On or before August 1, 2005, the Property Tax Administrator shall certify to the Commission that this Order either was or was not implemented by Hayes County, as required by Neb. Rev. Stat. §77-5029 (Reissue 2003).

AGRICULTURAL LAND AND HORTICULTURAL LAND CLASS OF REAL PROPERTY NOT SUBJECT TO SPECIAL VALUATION

An audit process began on June 22, 2005 in Hayes County. Twenty five sample properties were chosen at random for the agricultural property class identified in the Order and listed on Table 1 of this audit. A review of the twenty-five samples indicated that seven parcels were not adjusted electronically. It appears that parcels which had spot symbols (adjustments to LCG values on an individual basis) had not been adjusted on the value attributed to the spot symbol. A listing was requested from the Hayes County Assessor of all parcels within the county that were affected by these spot symbol values. On June 24, 2005 I contacted the Hayes County Assessor by telephone to request an itemized listing of any unchanged properties affected by the order. The assessor identified 55 parcels that did not receive the adjustment as ordered by the Commission due to the spot symbol values given by the assessor.

The Hayes County Board of Equalization met on June 28, 2005 to discuss the audit process and discrepancies. The County Board of Equalization placed the 2005 assessment rolls and County Board of Equalization Notice of Valuation Changes on the agenda for the July 5, 2005 meeting.

On July 5, 2005 the Hayes County Board of Equalization unanimously passed a motion to correct the 2005 assessment rolls for the 55 agricultural and horticultural land parcels in Hayes County to comply with the TERC order. The attached minutes from the Hayes County Board of Equalization meeting held July 5, 2005 are reflective of the actions taken by the board.

On July 12, 2005 the county's assessment records were audited to determine whether the actions of the Hayes County Board of Equalization held July 5, 2005 were completed by the County Assessor and the property record files reflect the valuations as ordered by the Tax Equalization and Review Commission. Eleven agricultural parcels were selected for the sample illustrated on Table II of this audit. Seven out of the eleven parcels were also illustrated on Table I and were not adjusted by the percent issued in the order given by the Commission. The changes vary from a decreased agricultural land valuation of -.70% to an increase of +20.20. Table III illustrates the values implemented by the County

Assessor and the percent change made to them after the orders were given by the Commission and the County Board of Equalization. The amount of change varies from 0% to -8.33%. Due to the actions of the Hayes County Assessor to remove all spot symbol values for agricultural land and implement the LCG values prior to implementation of the TERC order for each subclass the percent changed is not uniform as it relates to the original assessment roll for each parcel.

The Department received an amended abstract from the Hayes County Assessor dated June 2, 2005. This abstract reflects the changes made by the County Assessor prior to the County Board of Equalization actions to the agricultural and horticultural land property class not subject to special valuation on July 5, 2005 and is does not accurately reflect the order given by the Tax Equalization and Review Commission.

The Hayes County Assessor did not implement the order given by the Tax Equalization and Review Commission for 55 parcels as of the first audit review. After the second audit review the assessor still had not implemented the order in its entirety. The conclusion of the Department of Property Assessment and Taxation is that Hayes County has failed to comply with the order given by the Tax Equalization and Review Commission dated May 3, 2005.

Liaison Signature

Marlenee Higley

Date 7-22-05

HAYES COUNTY AGRICULTURAL LAND AND HORTICULTURAL LAND CLASS OF REAL PROPERTY NOT SUBJECT TO SPECIAL VALUATION

Table 1
DECREASE 7.97%

	Loc ID #	Before TERC Action			After TERC Action			% Chng	
		Land	Improv	Total	Land	Improv	Total		
1	430008708	86325	0	86325	79823	0	79823	-7.53	
2	430018177	171701	11281	182982	158809	11281	170090	-7.05	
3	430013841	224905	0	224905	207428	0	207428	-7.77	
4	430020503	38970	0	38970	35895	0	35895	-7.89	
5	430010311	158050	0	158050	146308	0	146308	-7.43	
6	430021798	126823	0	126823	117471	0	117471	-7.37	
7	430026323	49360	0	49360	45655	0	45655	-7.51	
8	430052103	69220	0	69220	63889	0	63889	-7.70	
9	430021607	28120	0	28120	25900	0	25900	-7.89	
10	430009909	93240	0	93240	86214	0	86214	-7.54	
11	430012195	48460	0	48460	44786	0	44786	-7.58	
12	430021887	123995	0	123995	114735	0	114735	-7.47	
13	430021062	65649	15885	81534	60807	15885	76692	-5.94	
14	430020570	79185	0	79185	75353	0	75353	-4.84	X
15	430034210	13848	0	13848	12788	0	12788	-7.65	
16	430020589	53320	0	53320	49848	0	49848	-6.51	X
17	430021216	60767	0	60767	60767	0	60767	0.00	X *
18	430020708	32895	0	32895	31868	0	31868	-3.12	X
19	430020678	21440	0	21440	20270	0	20270	-5.46	X
20	430020600	63855	0	63855	61321	0	61321	-3.97	X
21	430011199	29640	0	29640	27300	0	27300	-7.89	
22	430010591	32430	0	32430	29919	0	29919	-7.74	
23	430028857	101598	0	101598	93764	0	93764	-7.71	
24	430008406	47468	0	47468	43898	0	43898	-7.52	
25	430020597	44930	0	44930	42485	0	42485	-5.44	X

This table was prepared on June 22, 2005 during the audit performed by the DPA & T.

* No change of valuation notice found for this parcel in the county assessor's records.

X Records do not indicate the adjustment was implemented by the assessor.

**HAYES COUNTY AGRICULTURAL LAND AND HORTICULTURAL LAND
CLASS OF REAL PROPERTY NOT SUBJECT TO SPECIAL VALUATION**

**Table II
DECREASE 7.97%**

	Loc ID #	Before TERC Action			After CBE Action			% Chng	
		Land	Improv	Total	Land	Improv	Total		
1	430008708	86325	0	86325	79823	0	79823	-7.53	
2	430010311	158050	0	158050	146308	0	146308	-7.43	
3	430009909	93240	0	93240	86214	0	86214	-7.54	
4	430020570	79185	0	79185	79736	0	79736	0.70	X
5	430020589	53320	0	53320	50938	0	50938	-4.47	X
6	430021216	60767	0	60767	73041	0	73041	20.20	X
7	430020708	32895	0	32895	34769	0	34769	5.70	X
8	430020678	21440	0	21440	21151	0	21151	-1.35	X
9	430020600	63855	0	63855	66144	0	66144	3.58	X
10	430028857	101598	0	101598	93764	0	93764	-7.71	
11	430020597	44930	0	44930	43946	0	43946	-2.19	x

This table was prepared on July 12, 2005 during the audit performed by the DPA & T.

X Records indicate that the adjustment was not implemented by the county assessor.

TABLE III				
HAYES COUNTY 2005 AGRICULTURAL LAND VALUES				
LCG	Prior to TERC	TERC ORDER -7.97%	ASSESSOR IMPLEMENTED	% Change
IAI	-		-	
1A	800	736.24	740	-7.50%
2A1	775	713.23	715	-7.74%
2A	750	690.23	690	-8.00%
3A1	725	667.22	670	-7.59%
3A	700	644.21	645	-7.86%
4A1	625	575.19	575	-8.00%
4A	480	441.74	440	-8.33%
1D1	-		-	
1D	400	368.12	370	-7.50%
2D1	400	368.12	370	-7.50%
2D	375	345.11	345	-8.00%
3D1	340	312.90	315	-7.35%
3D	250	230.08	230	-8.00%
4D1	200	184.06	185	-7.50%
4D	200	184.06	185	-7.50%
1G1	-		-	
1G	210	193.26	195	-7.14%
2G1	200	184.06	185	-7.50%
2G	200	184.06	185	-7.50%
3G1	195	179.46	180	-7.69%
3G	195	179.46	180	-7.69%
4G1	190	174.86	175	-7.89%
4G	190	174.86	175	-7.89%
waste	10	9.20	10	0%
* While the above table appears to be adjusted to reflect the adjustment ordered by TERC with the exception of waste, the prior use of spot symbols has not been incorporated correctly into the adjustments.				

HAYES COUNTY COMMISSIONERS

28 June 2005

A meeting of the Hayes County Commissioners was held on Tuesday, 28 June 2005, at 8:00A.M. in the courthouse in Hayes Center, Nebraska. Those present were Wayne R Sellers, George H. Miller, Leon J. Kolbet, Joan E. Lauenroth and Rita Erickson.

Chairman Kolbet opened the meeting at 8:17 A.M.. Roll call: Sellers, present; Kolbet, present; Miller, present.

Motion to accept the agenda by Miller, second Sellers. Roll call vote; all yes. Motion carried.

Motion to accept the minutes of the June 14, 2005 meeting by Sellers, second Miller. Roll call vote: All yes. Motion carried.

Miller made motion to pay claims, second Sellers. Roll call vote; all yes. Motion carried.

Sellers made motion to sign Resolution 2005-10, second Miller. Roll call vote: all yes. Motion carried.

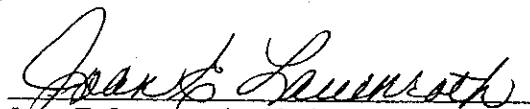
Motion to sign contract with State of Nebraska for TerraScan support by Sellers, second Miller. Roll call vote: all yes. Motion carried.

Marlene Gigax was present to visit with the board about the audit she is doing for the Tax Equalization and Review Commission. This is done when the TERCommission changes the values in a county.

Trailer bids were reviewed. Motion to accept bid of Ranco Trailers with Kolbet to sign all necessary paperwork by Sellers, second Miller. Roll call vote: all yes. Motion carried.

Chairman Kolbet closed the meeting at 10:07 A.M.

Leon J. Kolbet, Chairman


Joan E. Lauenroth, Clerk

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HAYES COUNTY COMMISSIONERS
BOARD OF EQUALIZATION

5 July 2005

The Hayes County Board of Equalization met on Tuesday, 5 July 2005, at 8:00 A.M. in the courthouse in Hayes Center, Nebraska. Those present were George H. Miller, Wayne R. Sellers, Leon J. Kolbet, Joan E. Lauenroth and Rita Erickson.

Chairman Kolbet opened the meeting at 8:17 A.M. Roll call; Sellers, present; Kolbet, present; Miller, present. Motion to accept agenda by Miller, second Sellers. Roll call vote; all yes. Motion carried.

Present was Marlene Gigax, State liaison for the Department of Property Assessment and Taxation. Letter of Assessor stating clerical error in Ag property. Motion to correct the 2005 assessment rolls as ordered by the Tax Equalization and Review Commission and issue County Board of Equalization notice of valuation changes to each owner as directed by statute by Sellers, second Miller. Roll call vote; all yes. Motion carried.

Assessor letter stating failure to send village notices to land owners. Motion to issue County Board of Equalization notices to all residential parcels within Hayes Center to reflect the 2005 assessment rolls by Kolbet, second Miller. Roll call vote: all yes. Motion carried.

Protest # 6. addition of irrigated acres. Motion by Miller to correct irrigated acres according to assessors recommendation, second Sellers. Roll call vote; all yes. Motion carried.

Protest # 9-16. Board of Equalization to go look and land, decision to be made on 19 July, 2005.

Protest # 24. Motion to add irrigated acres as assessor recommended by Miller, second Sellers. Roll call vote; all yes. Motion carried.

Protest #18, 18A, 19, 19A, 20, 20A. Motion to delete acres of irrigation that do not exist by Seller, second Miller. Roll call vote; all yes. Motion carried.

Protest # 21. Motion by Sellers to delete house that was moved last year, second Miller. Roll call vote; all yes. Motion carried.

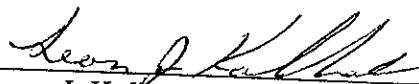
Protest # 22-23. Motion to delete irrigated acres due to state canceling water rights by Miller, second Sellers. Roll call vote; all yes. Motion carried.

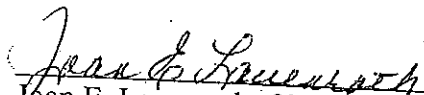
Protest # 7-7A-7B. Motion to delete irrigated acres that do not exist by Sellers, second Miller. Roll call vote; all yes. Motion carried.

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Protest # 25 Motion to deny protest by Miller, second Kolbet. Roll call vote; all yes. Motion carried.

Commissioner Kolbet closed meeting at 10:50 A.M.


Leon J. Kolbet, Chairman


Joan E. Lauenroth, Clerk